

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes a variety of changes in laws governing banks, credit unions, other financial institutions, and credit services organizations.

Section

- 1 **Corporation may be member or shareholder of federal agency.** Permits state-chartered banks to borrow amounts from the Federal Home Loan Bank System up to 35 percent of the bank's total assets. Current law is 25 percent.
- 2 **Additional charges.** Prohibits lenders, on a payday loan transaction, from assessing a civil penalty for a bounced check against the customer, if the lender advances cash to the customer in exchange for a (probably post-dated) check.
- 3 **Authorization, terms, conditions, and prohibitions.** Makes a change to conform to the preceding section on bounced checks for payday loans.
- 4 **General authority.** Eliminates a requirement that out-of-state financial institutions notify the commissioner of commerce prior to establishing an automated teller machine (ATM) in this state. This conforms to a later section that repeals this requirement for in-state financial institutions.
- 5 **Retirement, health savings, and medical savings accounts.** Permits state-chartered financial institutions to establish health savings accounts that are transactions ("checking") accounts, rather than savings accounts. (These transaction accounts will presumably pay interest.) Exempts those accounts from a requirement relating to checking the financial background of new checking account customers.
- 6 **Retirement, health savings, and medical savings accounts.** Makes a change to conform to

Section

the preceding section regarding health savings accounts.

- 7** **In lieu of surety bond.** Changes a law governing collateral that banks are required to post as collateral for bank deposits of local governments (that exceed FDIC coverage). Under current law, banks may post as collateral for a local government's deposits, the A-rated general obligation bonds of *any* local government. If the bank posts as collateral the general obligation bonds *of the same local government* that makes the deposit, the bank may use *unrated* general obligation bonds. This section changes that to also permit use of *rated* general obligation bonds of that same local government. The net effect is to permit use of the bonds rated lower than A as collateral for deposits of that same local government.
- 8** **Fees.** Increases the annual registration fee paid to the Department of Commerce by credit services organizations ("credit repair" providers) from \$100 to \$1,000.
- 9** **Repealer.** Repeals an obsolete law relating to organizational expenses of new banks and a law requiring financial institutions to notify the commissioner of commerce 15 days prior to their installation of a new ATM.
- 10** **Effective date; application.** Makes the higher fee for credit services organizations effective July 1, 2007.